



September 29, 2011

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Room TW-A325
Washington, DC 20554

Re: DA 11-1563

WC Docket No. 11-142

IB File Nos. ITC-T/C-20110819-00269, ITC-T/C-20110819-00270,
ITC-T/C-20110819-00271, ITC-T/C-20110819-00272,
ITC-T/C-20110819-00273, ITC-T/C-20110819-00274,
ITC-T/C-20110819-00275, ITC-T/C-20110819-00276,
ITC-T/C-20110819-00277, ITC-T/C-20110819-00278

In the Matter of the PAETEC HOLDING CORPORATION, Transferor, and
WINDSTREAM CORPORATION, Transferee, Applications for Transfer of
Control of Domestic and International Authorized Carriers
Under Section 214 of the Communications Act, as Amended

Dear Ms. Dortch:

On behalf of the City of Rochester, New York (the "City"), the Corporation Counsel submits the comments set forth herein in opposition to the transfer of PAETEC HOLDING CORPORATION ("PAETEC") to Windstream Corporation ("Windstream") until there has been a thorough examination and resolution of the public interest issues affecting the City of Rochester, the State of New York and citizens of both.

The Commission will note from the body of this correspondence that the City may be negatively affected if the transfer of PAETEC to Windstream takes place. The federal, state and local governments have worked to develop the site for the purpose of establishing a PAETEC headquarters in Downtown Rochester; tailoring a development package and investing millions to make this location shovel ready for development.

New York State provided the Project's most significant monetary investment, proceeding with the understanding that the Project would retain and grow employment in the Rochester region. It is in the public interest to examine, not just the financial and planning impact that this will have on the City, but to also study the effect this will have on employment, the communities surrounding the City and the lives of the individuals who may be affected.



We are asking the Commission to review and consider the steps that have been taken by the City and the State of New York in anticipation of PAETEC's initial pledge and commitment to this Project and the wide ranging effect that it will have on the community and the public interest should this undertaking not be completed.

The City and PAETEC entered into a Land Disposition Agreement dated December 28, 2010 (the "LDA"). Under the LDA, PAETEC agreed to construct a three and one-half story, 222,440 sq. ft. building in the heart of the City of Rochester on the site known as the "Midtown Site" and to relocate its corporate headquarters there (the "PAETEC Project").

In anticipation of the PAETEC Project, New York State and the City invested \$60 million to demolish the former improvements on the Midtown Site and create a shovel ready building site. To insure the success of the PAETEC Project, the City produced a development package ("Development Package") which expedited and customized the demolition of the existing buildings at the Midtown Site to accommodate PAETEC's construction schedule and provide a foundation for PAETEC's corporate headquarters.

The Development Package also includes the renovation of an underground parking garage and underground truck tunnel servicing the PAETEC corporate headquarters as well as construction of a connecting pedestrian tunnel. In addition, customized solutions for utilities, water, sewer, gas, electric, telephone and drainage facilities and all other utilities and public or quasi-public improvements to meet the needs of PAETEC Project were part of the Development Package.

Key components of the Development Package are that PAETEC obtained Empire Zone benefits whereby for the first ten (10) years PAETEC will receive a refund for real estate taxes paid and a real estate tax exemption for the eleventh year through the twentieth year of occupancy. In addition, the Development Package provided significant assistance from the City so PAETEC could obtain financing through New Market Tax Credit funding ventures, HUD Section 108 loan, Interest Rate Subsidy Grants, ESD Blueprint NY Grant and private lenders.

The Development Package required the City to take significant actions. Some incentives in the Development Package are specific to the PAETEC Project and will no longer be available if the PAETEC Project is abandoned. The City will be adversely impacted by the loss of the PAETEC Project and its effect on the development of the remainder of the Midtown Site. The unique incentives may not be available to other companies or developers and the waste of those benefits are a negative consequence. As part of its examination, it is urged that the Commission review the effect the proposed transfer will have on these actions taken by the City on behalf of PAETEC and the detriment to Midtown Site if the PAETEC Project does not occur.

The Development Package was intended to benefit a New York State employer and help that employer retain its current employees and hire additional employees to grow its business. Despite all the efforts of the City to facilitate and provide the positive

economic environment for the PAETEC Project, Windstream has indicated that it intends to reduce PAETEC's current 850-employee Monroe County workforce. Retention of the current PAETEC workforce as well as the anticipated additional hiring of employees was a critical part of the PAETEC commitment which led the City to produce the Development Package. The loss of those employees from the City's newly redeveloping downtown would have a significantly negative impact on the City, the region and New York State and therefore the public interest. It is urged that as part of its examination, the Commission review the loss of local jobs and the effect that loss will have on the City as well as the greater Rochester region.

In addition to the issues discussed above, the examination of the negative consequences which will result from the proposed transfer requires a review of the additional State and Federal concerns raised by Senator Schumer in his correspondence to this Commission. Based upon PAETEC's representations of a significant PAETEC employee presence in the City, there have been major efforts made by State officials and Empire State Development to assist the PAETEC Project. The State's impressive commitment to the PAETEC Project would not have occurred without the PAETEC commitment to maintaining Monroe County jobs and relocating to an area of the City which needs an influx of jobs and people. Any workforce reduction in New York State as well as the loss of a New York State employer has a negative public interest consequence.

PAETEC has an integral role in the provision of services to agencies and institutions throughout the State. In 2007, PAETEC was chosen by State of New York Office of General Services (OGS) as one of several providers of phone and data service to over 6,800 municipal, city, and state agencies, educational institutions, and not-for-profit organizations throughout the state for a period of ten (10) years. These municipalities and agencies must have reliable, high quality telecommunication services. To date the current Monroe County PAETEC workforce has supplied such service. The proposed transfer and related workforce reductions will have a negative impact to the service currently being provided to all those municipalities and agencies being served. This point is supported by PAETEC's Central New York regional manager, Keefe Keahey in an article by Claire Duffett dated December 2, 2005 in AllBuisness.com. Mr. Keahey describes the strength and benefits of PAETEC's business model:

The thing we do different[ly] from the competition is that we have not removed the human element. We believe in live-body support as opposed to call centers or automated response.

The article further reads:

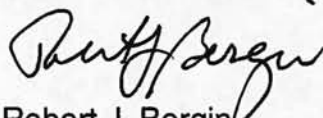
While most of the major players in the telecommunications industry direct customers to call centers in New York City, Boston, or India, each of Paetec's markets has its own regional office, so account managers can visit a site when there is a problem, Keahey explains.

It is this loss of the "live-body" support in New York which will have an adverse impact on the telecom services being provided to New York agencies and municipalities.

As explained by Senator Schumer in the above mentioned correspondence, based on the 36,800 route mile infrastructure owned by PAETEC, PAETEC and its subsidiaries also have a key role in providing telecommunication services to governmental entities, such as the Department of Defense and Defense Information Systems Agency, FAA, Department of Treasury, Department of Veterans Affairs, U.S. Army, Air Force and Navy, U.S. Courts, and the Department of Homeland Security. It is in the public's interest that the subject proposed merger and related workforce reductions do not negatively impact the critical operations of the Federal government. Any reduction in services would be detrimental to the public interest.

It is requested the Commission thoroughly examine the actions of the City and the State, in reliance on the PAETEC's original commitment to the PAETEC Project, the impact on State contracts, and the consequences to telecommunication services provided to national governmental entities when reviewing the impact of the transfer from PAETEC to Windstream on the public interest. Until such a full review is conducted and resolutions to the issues raised have been identified, the transfer from PAETEC to Windstream should be denied.

Very truly yours,



Robert J. Bergin
Corporation Counsel
City of Rochester